

We Build  
**OPPORTUNITY »**

**OPPORTUNITY**

**ALWAYS FORWARD** ▶  
2017 Annual Report

# OUR MISSION ►

The mission of Colorado Correctional Industries is three-fold.

- » To reduce offender idleness and the demand for general funded programs by working as many offenders as possible in self-supporting and productive industries.
- » To train offenders in meaningful skills, work ethics and quality standards which better enable them to secure long-term employment after release from prison.
- » To operate in a business-like manner so that enough revenues are realized each year to meet the ongoing capital equipment, working inventories and operating cash needs of the division.



**STATE OF COLORADO**  
Governor  
John Hickenlooper



**COLORADO DEPARTMENT OF CORRECTIONS**  
Executive Director  
Rick Raemisch



**COLORADO DEPARTMENT OF CORRECTIONS**  
Deputy Executive Director  
Kellie Wasko



**COLORADO DEPARTMENT OF CORRECTIONS**  
Director of Finance & Administration  
Jennifer Bennett



**COLORADO CORRECTIONAL INDUSTRIES**  
Director  
Dennis Dunsmoor

**CCI DIVISION MANAGERS**

- » **Agribusiness**, Jim Heaston
- » **Finance**, Darryl McDaniel
- » **Manufacturing**, Andy Klinkerman
- » **Sales & Marketing**, Paul Smith
- » **Service**, Dave Sloan

## OUR ORGANIZATION ►

Our long and successful track record spans diverse industries and services. Throughout the years, we have built a unique combination of professional expertise and in-depth knowledge of self-sustaining, profitable business endeavors that transforms offenders into productive citizens.



### ADVISORY BOARD MEMBERS

- » **CDOC Executive Director**, Rick Raemisch
- » **State Senator**, Kevin Grantham
- » **State Senator**, Cheri Jahn
- » **State Representative**, Paul Rosenthal
- » **State Representative**, James Wilson
- » **State Treasurer**, Walker Stapleton
- » **Office of State Planning and Budgeting**, Henry Sobanet
- » **State Department of Personnel and Administration**, June Taylor
- » **Fremont County Sheriff**, Jim Biecker
- » **Organized Labor Organization**, Brian Bradley
- » **Organized Labor Organization**, Michael Ham
- » **Community Business Owner**, Keith Swerdfeger



# CELEBRATING...

As a division of the Colorado Department of Corrections (CDOC), Colorado Correctional Industries (CCI) helps fulfill CDOC’s mission to rehabilitate as many offenders as possible, providing the opportunity to build lifelong skills and work ethics that leads to successful re-entry into society. Statistics bear out the validity of this mandate, showing that **recidivism rates are improved when offenders are involved in a CCI program**. Our training prepares offenders for a crime-free future of productivity and well-being.

## 40 years as a program.

With **40 years** under our belt, we’re proud of our many success stories that have enhanced the lives of everyone involved — our offenders, our citizens and our partners. CCI operates just like any traditional company. Our success is completely dependent on the business acumen of our staff and the dedication of our offender workforce. With **over 1,800 offenders working in 70+ programs** (agriculture, services and manufacturing), CCI’s mandate is self-sustainment — earning sufficient revenues to fully fund operating costs while saving Colorado taxpayers \$5,000 per offender employed, or nearly \$9 million a year.

## A bright future.

Our employment opportunities are in high demand and offenders go through a rigorous selection process. Continuing education is strongly encouraged and in some cases required. Offenders work hard to gain employment with CCI and work equally hard to keep it. **Motivation and productivity are high while discipline issues remain lower with CCI workers than with the general population**. By partnering with CDOC on every facet of our mission, we ensure a safe and secure environment is provided to offenders, staff and citizens of Colorado.

# WHAT’S INSIDE ►

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# MOVING FORWARD ▶

It is my great pleasure to serve as Director of Colorado Correctional Industries (CCI). I take this opportunity to thank our valued customers, whose continued patronage and confidence in our products and services inspires us to extend the best of what we have to offer.

CCI is a division of the Colorado Department of Corrections with more than 70 programs and 1,800 offenders hired to work and participate in agribusiness, manufacturing, and service related industries, supporting thousands of government and/or non-profit customers, as well as joint venture partners in Colorado. Our programs help make communities safer and save taxpayers millions through our job-centered approach that lowers the number of repeat offenders and reduces criminal justice costs for all citizens of Colorado.

Each year, CCI remains committed to the long-term growth of its businesses and expansion of offender work programs. Considerable resources are devoted to improvements in the areas of technology, human resource staffing, sales, and growth of agribusiness, manufacturing and service divisions. As always, CCI's primary business growth strategy is customer focused: to ensure that we exceed the customer's quality and service expectations while providing competitive prices.

This focus enhances CCI's Mission, which is to expand offender training opportunities, teach real-world job skills, assist offender transition in to the job market upon completion of their sentences, and operate in a manner where adequate revenues are realized to meet the ongoing requirements to sustain the entire division.

CCI staff endeavor every day to make a positive change in the lives of our offender workers, which ultimately yield positive benefits for all Colorado citizens. The professional and dedicated efforts put forth by our staff, our offender work force and the support from our partners have allowed us to chalk this year up as another success.

Thank you for your interest in and continued support of CCI.

Sincerely,

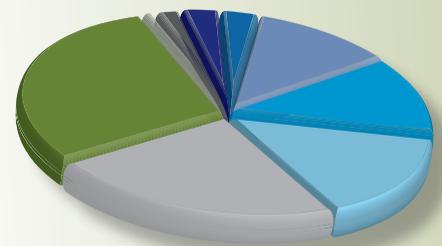


Dennis Dunsmoor  
Director, Colorado Correctional Industries

# MARKET PROFILE ▶

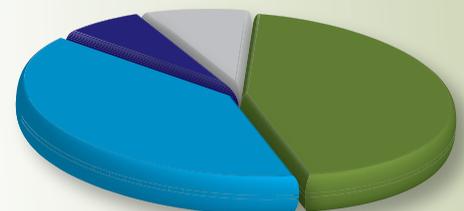
## Revenue FY 2016-2017

Canteen	29%	▲
State Agency	23%	▲
Education	16%	▲
Private Sector	12%	▲
CDOC	11%	▲
Grant	3%	▲
Other Government	3%	▲
Joint Venture	2%	▲
PIE	1%	▲



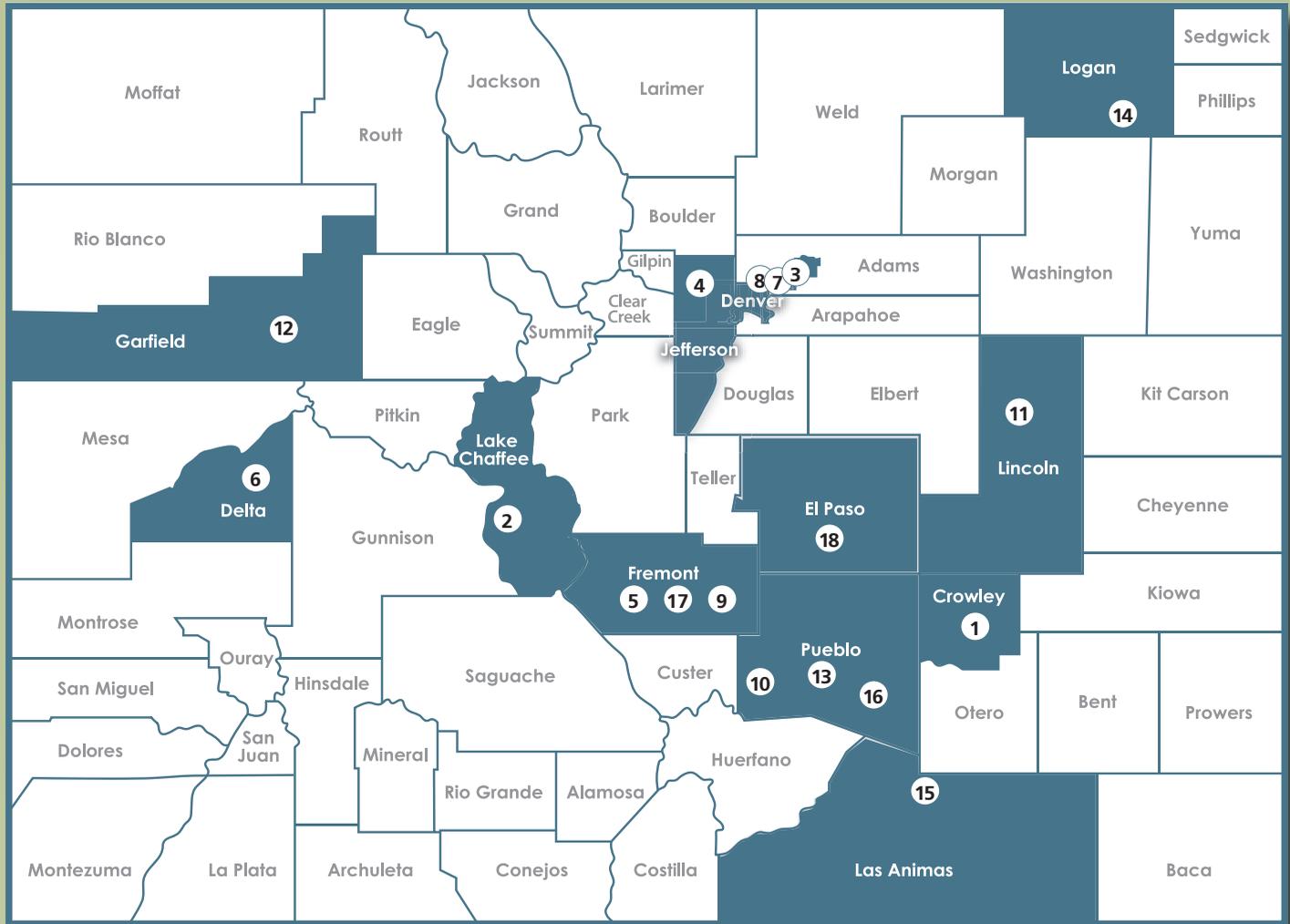
## Revenue by Sector FY 2016-2017

Service	44.17%	▲
Manufacturing	39.91%	▲
Agribusiness	8.69%	▲
Grant	7.23%	▲



# FACILITATING FORWARD

Working closely with the Department of Corrections, CCI operates industries in 19 of the 24 facilities located throughout Colorado. Our programs employ over 200 civilian staff and 1,800+ offenders on a monthly basis.



- 1 Arkansas Valley Correctional Facility
- 2 Buena Vista Correctional Complex
  - a. Buena Vista Correctional Facility
  - b. Buena Vista Minimum Center
- 3 Oakland Facility
- 4 Colorado Correctional Center
- 5 Colorado Territorial Correctional Facility
- 6 Delta Correctional Center
- 7 Denver Reception and Diagnostic Center\*
- 8 Denver Women’s Correctional Facility
- 9 East Cañon Complex
  - a. Arrowhead Correctional Center
  - b. Centennial Correctional Facility\*
  - c. Colorado State Penitentiary\*
- 10 La Vista Correctional Facility
- 11 Limon Correctional Facility
- 12 Rifle Correctional Center
- 13 San Carlos Correctional Facility\*
- 14 Sterling Correctional Facility
- 15 Trinidad Correctional Facility
- 16 Youthful Offender System
- 17 International Corrections Management Training Center
- 18 CCI Administrative Office/CDOC Headquarters\*

\*No CCI Offender Programs

# OFFENDER TRAINING PROGRAMS

(by facility)

Facility	# Positions Forecasted (avg)	Positions Worked	Facility	# Positions Forecasted (avg)	Positions Worked
<b>1 Arkansas Valley Correctional Facility</b>  			<b>8 Denver Women's Correctional Facility</b>  		
CAD/GIS	16	14	Canteen	25	26
Call Center/Customer Service	20	12	Garments	25	16
DMV Call Center	20	12	K-9 Adoption & Training	28	26
Fulfillment Center (Seasonal)	30	30	Printing Services	35	20
Modular Office Systems (PIECP)	60	38	TV Production	10	5
Web Design	5	2			
<b>2 Buena Vista Correctional Complex</b>   			<b>9 East Cañon Complex:</b>		
Firefighting & Reclamation (SWIFT)	24	19	<b>9a Arrowhead Correctional Center</b>   		
Fish Hatchery	10	8	Canteen	70	66
Heavy Equipment/Trails Program	30	18	Fish Hatchery	16	12
K-9 Adoption & Training	16	13	Fishing Rod Manufacturing	6	3
Saddles & Leather Products (PIECP)	40	20	Fleet Services	20	25
			Greenhouse Products	58	30
			Honey Production	2	2
			K-9 Adoption & Training	12	12
			Tractor Refurbishing	6	4
			Transportation & Tech Training	10	9
<b>3 Oakland Facility</b>  			<b>9b Centennial Correctional Facility</b> No CCI offender programs – High Risk/Residential Treatment Facility		
Customer Service	2	2			
Delivery & Installation	6	6			
eBay Sales	1	1			
Janitorial	1	1			
Sales & Showroom	1	1			
State & Federal Surplus	3	3			
<b>4 Colorado Correctional Center</b> 			<b>9c Colorado State Penitentiary</b> No CCI offender programs – Close Custody Facility		
Auto Body/Collision Repair	14	7			
CSP Training Academy	21	23			
General Services/Delivery	66	66			
<b>5 Colorado Territorial Correctional Facility</b>  			<b>9d Four Mile Correctional Center</b>  		
Print on Demand	5	5	Big Horn Sheep Housing	1	1
License Plates & Tabs	95	96	Composting	1	1
Signs (PIECP)	6	10	Dairy & Dairy Processing	70	60
K-9 Adoption & Training	14	14	Heavy Equipment	20	21
			K-9 Adoption & Training	12	12
			Ultra-High Pasteurization	1	1
			Water Buffalo Dairy	5	5
			White Bison Breeding	1	1
			Wild Horse Inmate Program (WHIP)	55	44
<b>6 Delta Correctional Center</b> 					
Farming (Seasonal)	10	0			
<b>7 Denver Reception and Diagnostic Center</b> No CCI offender programs – Receiving Facility					

Facility	# Positions Forecasted (avg)	Positions Worked
<b>9e Fremont Correctional Facility</b> 		
3D Printing	5	5
Dormitory Furniture (PIECP)	25	20
Fiberglass Tanks (PIECP)	35	27
LED Lighting	15	2
Metal Fabrication	90	72
Office Furniture (PIECP)	103	101
Security Cells & Furnishings (PIECP)	35	35
<b>9f Skyline Correctional Center</b>  		
Delivery & Installation	12	10
Farming	15	12
Fire Fighting & Reclamation (SWIFT)	24	12
Goat Dairy & Processing	38	26
Heavy Equipment	5	5
K-9 Kennels	3	3
Orchard & Vineyard	15	10
Recycling	10	10
Rock Stacking	15	12
<b>10 La Vista Correctional Facility</b>  		
Administrative Services/Call Center	10	11
General Services/Seasonal Farming	60	40
<b>11 Limon Correctional Facility</b> 		
Embroidery & Screen Printing	40	17
Flags Manufacturing	20	12
Garments (PIECP)	80	78
<b>12 Rifle Correctional Facility</b> 		
Culinary Arts	38	47
Firefighting & Reclamation (SWIFT)	20	14
Trails Program	10	7
<b>13 San Carlos Correctional Facility</b>		
No CCI offender programs – Mental Health Facility		

Facility	# Positions Forecasted (avg)	Positions Worked
<b>14 Sterling Correctional Facility</b>  		
Heavy Equipment	12	5
K-9 Adoption & Training	36	35
Seating (PIECP)	92	46
<b>15 Trinidad Correctional Facility</b>  		
Air Filters	15	5
K-9 Adoption & Training	24	22
Service Station	5	3
<b>16 Youthful Offender System</b> 		
Specialty Products/Flies/Lures	10	3
<b>17 International Corrections Management Training Center</b> 		
Culinary Arts	9	6
Pizza Assembly	15	15
Retail Outlets	1	1
Training & Guest Services	19	27
<b>18 CCI Administrative Office/CDOC Headquarters</b> 		
No CCI offender programs – Administration		
<b>TOTAL</b>	<b>1,964</b>	<b>1,579</b>

-  **Manufacturing**
-  **Agribusiness**
-  **Services**
-  **Sales/Marketing**

## Agribusiness

- Big Horn Sheep Housing
- Composting
- Cow Dairy & Dairy Processing
- Farming
- Fish Farming
- Goat Dairy & Dairy Processing
- Greenhouse Products
- Honey Production
- Orchard
- Pheasant/Chukar Farming
- Ranching
- Ultra-high Pasteurization
- Vineyard
- Water Buffalo Dairy & Processing
- White Bison Housing
- Wild Horse Inmate Program (WHIP)

**Agribusinesses  
make up 23% of  
our programs**



# ALWAYS GROWING ▶

## PROGRAM SPOTLIGHT

### Water Buffalo Dairy & Processing

CCi has been dairy farming since the 1920's, so it was no stretch to try our hand at raising water buffalo some 80 years later. In 2011, with the backing of a joint venture partner, CCi added 80 head of water buffalo from Texas to join our existing dairy herds of 950 cows and 1,140 goats.

Although similar in the rearing process to dairy cows, water buffalo offer a number of key differences...most notably, size. Weighing in at 1,500+ pounds and growing up to five feet tall (not including their 3' horns!), water buffalo milk contains higher levels of protein, calcium and iron and lower amounts of cholesterol and lactose. Our initial herd has grown to 350 with 125 active head averaging four to five pounds of milk daily. Our three-year business model of 500 heifers each yielding 10 pounds of milk daily will be made possible over the next three years as a result of a special insemination process that produces more females than males.

One hundred percent of CCi's water buffalo milk is processed for sale to a private partner that produces specialty buffalo mozzarella cheese used in the nation's gourmet eateries. Males born into the program head to local meat processors who prep and package the meat as water buffalo burgers and jalapeño brats sold at CCi and partner retail outlets.

Currently the water buffalo program is supported by eight offenders and is the only known water buffalo dairy in the state.



### Did you know?

Water buffalo can survive up to 25 years in captivity; three times longer than their survival rate in the wild!

# ALWAYS ► IMPROVING

## PROGRAM SPOTLIGHT License Plate Factory

CCi's License Plate factory has been stamping out plates since 1926. For the last century, we've kept up with current technology so we could keep up with demand. As our last blanker purchase, made in the early 2000s, became obsolete with parts unavailable, we looked to the past so we could move ahead. Our research showed that replacing our digital blanker machines with retrofitted "old-school" analog blankers would not only increase our production, but assures us of decades of reliability.

The new analog blankers operate similar to the machines used in 1934! A 3M pre-printed graphic is fed into the blanker, and the blanker stamps out a blank aluminum license plate, rounding off the corners, and punching mounting holes all in one operation. Blanks are then sent to a separate embosser to finalize plates to affix on Colorado registered vehicles. Overnight, production nearly doubled going from 100 to 175 blanks per minute with the new retrofit! This entrepreneurial idea enables our factory to keep up with current production demands, turning out an average of 2.2 million license plates per year.

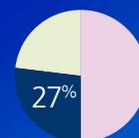
*\* Prison Industries Enhancement Certification Program (PIECP) was created by Congress in 1979 to encourage states and units of local government to establish employment opportunities for offenders that approximate private-sector work opportunities. PIECP exempts certified federal, state, and local departments of corrections from normal restrictions on the sale of offender-made goods in interstate commerce.*



### Did you know?

CCi offender suggestions are a welcoming part of our business model, making the offenders an essential part of our programs while creating collaborative partnerships.

**Manufacturing  
makes up 27%  
of our programs**





## Manufacturing

- 3D Printing
- Air Filters
- Dormitory Furniture\*
- Embroidery
- Fiberglass Tanks\*
- Flags
- Fly Rods & Spinning Rods
- Garments\*
- Leather Products\*
- LED Lighting
- License Plates & Tabs
- Mattresses
- Metal Fabrication
- Modular Office Systems
- Office Furniture\*
- Screen Printing
- Seating
- Security Cells & Furnishings\*
- Signs\*
- Television Manufacturing
- Tractor Refurbishing

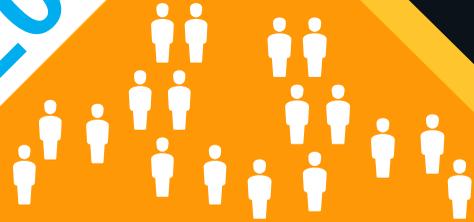
\*PIECP

**A CLOSER LOOK AT 2017**



**529**

bear-proof dur  
produced for C  
state park  
rec area



**1,800**

offender positions  
in 70+ CCI industry  
programs



**\$9,000,0**

in online order  
for furniture, s  
modular offi  
flag produ

**1,227  
TONS**

of materials kept out of  
landfills by CCI's  
recycling program



**Nearly 200**

TRADE CERTIFICATES AWARDED  
THROUGHOUT OUR  
APPRENTICESHIP PROGRAMS



**17,000**

mustangs housed & cared for  
(1,400+ per month)



**607**

higher education credit hours  
achieved by offenders



**\$760,7**

taxpayer savings  
through use of SWIFT

# 15 COMMUNITY IMPROVEMENT PROJECTS

Completed by Trails &  
Heavy Equipment  
Programs



# 150

K9 is the largest offender  
employer with 150  
offenders training  
756 dogs in  
2017



# \$9.5 million

raw material purchases  
from Colorado  
Suppliers



# 850

Cows milked daily

# 550

Acres grown annually

# 295,000

Pounds of tilapia  
processed



# Twenty-Six

Countries & 985 officials trained at  
CCi's International Corrections  
Management Training  
Center (ICMTC)

# \$9M+

in annual taxpayer  
savings (\$5,000  
per offender)

# #1

CCi has the largest number  
of offender industry programs  
in the nation!

*(NCIA 2017 Directory)*



## Services



- Administrative Services
- Auto Collision Repair/Painting
- CAD/GIS
- Canteen
- Construction & Maintenance
- Culinary Arts
- Customer Service
- Delivery & Installation
- DMV Call Center
- Fire Fighting & Reclamation
- Fleet Services
- Fulfillment
- Furniture Reupholstering
- Heavy Equipment/Trails Program
- Information Technology
- International Training Center & Guest Services
- Janitorial
- K-9 Adoption & Training
- Landscape Maintenance & Beautification
- Pizza Assembly
- Printing Services
- Public Information Services
- Recycling
- Service Station
- Tablet Service
- Transportation & Tech Training
- Web Design

# ALWAYS SERVING ▶

## PROGRAM SPOTLIGHT

### Printing Services

Competitiveness in printing continues to grow as does the variety of project requirements. To meet the challenge, CCI took a budget-conscious approach enhancing our current press performance with a state-of-the-art collator system that makes our web press more efficient and more profitable.

This affordable addition has expanded our production capabilities to books and application forms allowing us to place a large print job on the collator (up to six different forms), imprint sequential numbering and finish with glue and trim. This creative solution saved hundreds of thousands of dollars in capital equipment and hundreds of hours in time.

### What's to Come?

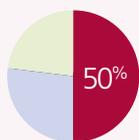
CCI is entering the digital age by implementing a modern four-color direct image press capable of printing larger volumes of brochures, annual reports, and trade magazines. In addition, a new digital metal plate maker that operates directly from electronic files will improve efficiency, quality and productivity throughout the offset press department.

The innovative new equipment, combined with our existing presses, fast forwards CCI into the modern era. Cost benefits to customers and state agencies, an increase in our work force and output, and the ability to train more offenders on current machinery will be realized.



### Did you know?

Over 54,000 man hours and 170 days, were spent fighting 38 Colorado wildfires and/or completing remediation projects this fiscal year saving taxpayers \$760,750.



*Service makes up 50% of our programs*

# ALWAYS ▶ ADVANCING



## Did you know?

Surplus property revenues generated over \$609,000 for CCI, with the State bringing in \$594,389 and Federal government adding \$14,745 to the program.

## Sales and Marketing

- Customer Service
- eBay Auto Sales
- Fingerprinting Services
- Fleet Sales
- General Services
- Highway Cleanup
- Marketing Communications
- Moving Service
- Office Design
- Research and Development
- Retail Outlets
- Sales
- State and Federal Surplus Property
- State Patrol Training Academy, Garage, Kitchen and Maintenance
- Transportation and Tech Training
- Warehousing



# OUR FINANCES

For Fiscal Years Ended June 30, 2017 and 2016 unaudited <sup>(NOTE 1)</sup>

COLORADO CORRECTIONAL INDUSTRIES STATEMENT OF NET POSITION		
	6/30/17	6/30/16
<b>CURRENT ASSETS:</b>		
Cash and Pooled Cash (NOTE 2)	\$2,823,173	\$4,785,511
Other Receivables, net	1,228,912	1,944,410
Due from Other Governments	748,190	793,016
Due from Other Funds	1,090,137	1,149,899
Inventories	17,015,051	12,987,857
<b>TOTAL CURRENT ASSETS</b>	<b>\$22,905,463</b>	<b>\$21,660,693</b>
<b>NONCURRENT ASSETS:</b>		
Other Long Term Assets	\$1,985,725	\$1,832,111
Depreciable and Capital Assets and Infrastructure, net	3,708,481	4,027,124
Land and Nondepreciable Infrastructure	940,933	920,412
<b>TOTAL NONCURRENT ASSETS</b>	<b>\$6,635,139</b>	<b>\$6,779,647</b>
<b>TOTAL ASSETS</b>	<b>\$29,540,602</b>	<b>\$28,440,340</b>
<b>CURRENT LIABILITIES:</b>		
Accounts Payable and Accrued Liabilities	\$5,795,532	\$6,577,400
Compensated Absences Payable	88,700	82,200
Deferred Federal Revenue	429,521	108,939
Other Current Liabilities	112,251	7,123
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$6,426,004</b>	<b>\$6,775,662</b>
<b>NONCURRENT LIABILITIES:</b>		
Accrued Compensated Absences	\$1,204,996	\$1,151,897
<b>TOTAL LIABILITIES</b>	<b>\$7,631,000</b>	<b>\$7,927,559</b>
<b>NET POSITION:</b>		
Net Investment in Capital Assets	\$4,649,414	\$4,947,536
Unrestricted	17,260,188	15,565,245
<b>TOTAL NET POSITION</b>	<b>\$21,909,602</b>	<b>\$20,512,781</b>
STATEMENT OF REVENUE, EXPENSES & CHANGES IN NET POSITION		
	6/30/17	6/30/16
<b>OPERATING REVENUES:</b>		
Sales of Goods and Services	\$43,390,748	\$47,701,824
Federal Grants and Contracts	4,788,643	2,509,851
Intergovernmental Revenue	0	0
Other Revenues	238,744	248,671
<b>TOTAL OPERATING REVENUES</b>	<b>\$48,418,135</b>	<b>\$50,460,346</b>
<b>OPERATING EXPENSES:</b>		
Raw Materials and Supplies	\$20,310,783	\$28,066,046
Salaries and Fringe Benefits	12,611,831	13,080,919
Operating & Travel <sup>(NOTE 3)</sup>	7,801,873	9,176,150
Depreciation	445,845	447,617
Grant Expenditures	4,792,843	2,492,480
<b>TOTAL OPERATING EXPENSES</b>	<b>\$45,963,175</b>	<b>\$53,263,212</b>
<b>NET OPERATING REVENUE / (LOSS)</b>	<b>\$2,454,960</b>	<b>(\$2,802,866)</b>
<b>NON-OPERATING REVENUES AND (EXPENSES):</b>		
Investment Income	\$112,766	\$58,653
Rental Income	(765,871)	322,814
Gifts and Donations	1,956	4,721
<b>TOTAL NON-OPERATING REVENUES AND (EXPENSES):</b>	<b>(\$651,149)</b>	<b>\$386,188</b>
<b>INCOME / (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>\$1,803,811</b>	<b>(\$2,416,678)</b>
<b>OPERATING TRANSFERS</b>		
Transfers-Out to General Fund <sup>(NOTE 4)</sup>	(\$406,989)	(\$426,356)
<b>TOTAL OPERATING TRANSFERS</b>	<b>(\$406,989)</b>	<b>(\$426,356)</b>
<b>CHANGE IN NET POSITION</b>	<b>\$1,396,822</b>	<b>(\$2,843,034)</b>
<b>NET POSITION - FISCAL YEAR BEGINNING</b>	<b>\$20,512,781</b>	<b>\$23,355,815</b>
<b>NET POSITION - FISCAL YEAR ENDING</b>	<b>\$21,909,603</b>	<b>\$20,512,781</b>

**COLORADO CORRECTIONAL INDUSTRIES STATEMENT OF CASH FLOWS**
**6/30/17**
**6/30/16**
**CASH FLOWS FROM OPERATING ACTIVITIES:**

Fees for Service	\$6,162,518	\$9,599,189
Sales of Products	37,511,445	38,477,968
Gifts, Grants, Donations (Federal Grant)	4,593,054	2,312,086
Income from Property (Rent)	298,622	322,814
Other Sources	238,744	248,671
Employees	(12,496,145)	(12,155,460)
Suppliers	(32,755,762)	(34,842,480)
Grant Expenses	(4,792,843)	(2,492,480)
Other	(281,982)	(145,776)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(\$1,522,349)</b>	<b>\$1,324,532</b>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:**

Transfers-Out to the General Fund	(\$406,989)	(\$426,356)
Gifts, Grants, Donations not for Capital Use	1,956	4,721
<b>NET CASH (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>(\$405,033)</b>	<b>(\$421,635)</b>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Purchases of Capital Assets	(\$147,722)	(\$542,503)
<b>NET CASH (USED) BY CAPITAL RELATED FINANCING ACTIVITIES</b>	<b>(\$147,722)</b>	<b>(\$542,503)</b>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest and Dividends on Investments	\$148,452	\$37,561
Increase (Decrease) from Unrealized Gain (Loss) on Investments	(35,686)	21,092
<b>NET CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</b>	<b>\$112,766</b>	<b>\$58,653</b>

**NET INCREASE (DECREASE) IN CASH AND POOLED CASH**
**(\$1,962,338)**      **\$419,047**
**CASH AND POOLED CASH , FISCAL YEAR BEGINNING**
**4,785,511**      **4,366,464**
**CASH AND POOLED CASH, FISCAL YEAR END**
**\$2,823,173**      **\$4,785,511**
**RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

Net Operating	\$2,454,960	(\$2,802,866)
Adjustments to Reconcile Net Operating (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	445,845	447,617
Rents	(765,871)	322,814
Compensated Absences	59,599	(71,180)
Changes in Assets and Liabilities Related to Operating Activities:		
(Increase) Decrease in Operating Receivables	820,084	281,069
(Increase) Decrease in Inventories	(4,180,808)	1,796,884
(Increase) Decrease in Other Operating Assets	0	0
Increase (Decrease) in Accounts Payable	(781,868)	1,453,696
Increase (Decrease) in Other Operating Liabilities	425,710	(103,502)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(\$1,522,349)</b>	<b>\$1,324,532</b>

NOTE 1 The underlying balances are audited in the statewide financial audit.

NOTE 2 Cash and pooled cash is defined as cash-on-hand, demand deposits, certificates of deposit, pooled cash with State Treasurer (at fair market value), and warrants payable.

NOTE 3 Operating and Travel expenses include costs for packaging materials, transportation charges, office supplies and equipment, maintenance, travel, worker's compensation insurance, legal services, liability and property insurance, and other operating expenses.

NOTE 4 Operating transfer-out to the General Fund are costs reimbursed to the general fund for support services.

# CANTEEN MISSION ▶

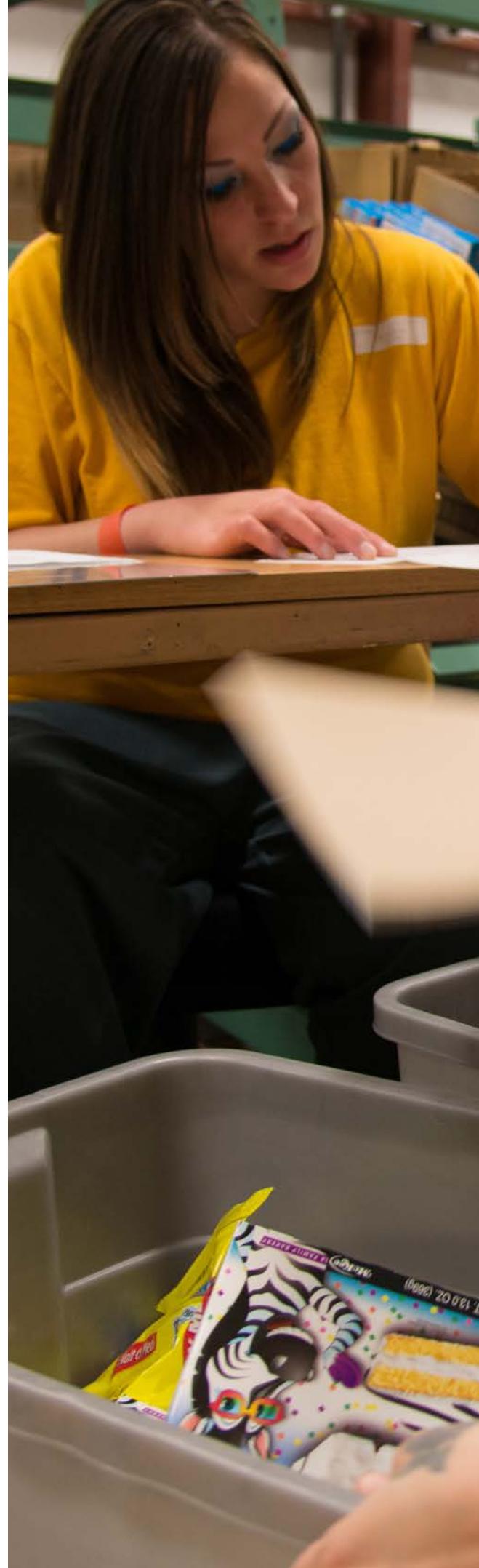
- To provide work and self-improvement opportunities to assist in successful community reintegration.
- To provide high quality, fairly priced merchandise and services to the offender population in an efficient and profitable manner.
- Aid in the maintenance of a secure environment.
- Reduce reliance on taxpayer provided funds for offender recreational, educational and social benefit expenditures.

The Canteen program is a self-sustaining entity, receiving no taxpayer support and designed to teach offenders valuable skills for life after prison.

Offenders with adequate funds can select from a wide range of retail products including candy and snacks, name brand hygiene and style products, and more. Orders are completed through two distribution centers located in Denver and Cañon City. Nearly 100 offenders are employed by these operations, processing over 60,000 orders per month.

Profits from retail and vending machine sales and family gift packs help to fund offender educational, recreational and social activities, as well as supplementing other direct offender needs.

In addition to learning marketable and transferable skills in these positions, canteen workers are forklift certified to further enhance their success upon release from incarceration.





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# CANTEEN FINANCES

For Fiscal Years Ended June 30, 2017 and 2016 unaudited (NOTE 1)

CANTEEN ENTERPRISE FUND STATEMENT OF NET POSITION	6/30/17	6/30/16
<b>CURRENT ASSETS:</b>		
Cash and Pooled Cash (NOTE 2)	\$7,187,298	\$5,390,657
Other Receivables, net	8,486	0
Inventories	753,522	717,231
<b>TOTAL CURRENT ASSETS</b>	<b>\$7,949,306</b>	<b>\$6,107,888</b>
<b>NONCURRENT ASSETS:</b>		
Depreciable and Capital Assets and Infrastructure, net	\$1,457,903	\$1,563,955
<b>TOTAL NONCURRENT ASSETS</b>	<b>\$1,457,903</b>	<b>\$1,563,955</b>
<b>TOTAL ASSETS</b>	<b>\$9,407,209</b>	<b>\$7,671,843</b>
<b>CURRENT LIABILITIES:</b>		
Accounts Payable and Accrued Liabilities	\$787,037	\$536,675
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$787,037</b>	<b>\$536,675</b>
<b>NONCURRENT LIABILITIES:</b>		
Accrued Compensated Absences	\$245,634	\$215,735
<b>TOTAL LIABILITIES</b>	<b>\$1,032,671</b>	<b>\$752,410</b>
<b>NET POSITION:</b>		
Net Investment in Capital Assets	\$1,457,903	\$1,563,955
Unrestricted	6,916,635	5,355,478
<b>TOTAL NET POSITION</b>	<b>\$8,374,538</b>	<b>\$6,919,433</b>
<b>STATEMENT OF REVENUE, EXPENSES &amp; CHANGES IN NET POSITION</b>	<b>6/30/17</b>	<b>6/30/16</b>
<b>OPERATING REVENUES:</b>		
Sales — Canteen and Similar Activities	\$18,998,314	\$17,658,892
Commissions — Offender Phone System	0	248,178
Other Revenues	839,153	766,753
<b>TOTAL OPERATING REVENUES</b>	<b>\$19,837,467</b>	<b>\$18,673,823</b>
<b>OPERATING EXPENSES:</b>		
Cost of Goods Sold	\$13,586,576	\$13,111,961
Salaries and Fringe Benefits	2,184,001	2,115,504
Operating & Travel (NOTE 3)	1,097,265	975,707
Depreciation	106,052	110,405
<b>TOTAL OPERATING EXPENSES</b>	<b>\$16,973,894</b>	<b>\$16,313,577</b>
<b>NET OPERATING REVENUE / (LOSS)</b>	<b>\$2,863,573</b>	<b>\$2,360,246</b>
<b>NON-OPERATING REVENUES AND (EXPENSES):</b>		
Offender Benefits	(\$1,378,435)	(\$1,363,524)
Investment Income	48,837	87,076
<b>TOTAL NON-OPERATING REVENUES AND (EXPENSES):</b>	<b>(\$1,329,598)</b>	<b>(\$1,276,448)</b>
<b>INCOME BEFORE OPERATING TRANSFERS</b>	<b>\$1,533,975</b>	<b>\$1,083,798</b>
<b>OPERATING TRANSFERS</b>		
Transfers-Out to General Fund (NOTE 4)	(\$78,870)	(\$85,741)
<b>TOTAL OPERATING TRANSFERS</b>	<b>(\$78,870)</b>	<b>(\$85,741)</b>
<b>CHANGE IN NET POSITION</b>	<b>\$1,455,105</b>	<b>\$998,057</b>
<b>NET POSITION - FISCAL YEAR BEGINNING</b>	<b>\$6,919,433</b>	<b>\$5,921,376</b>
<b>NET POSITION - FISCAL YEAR ENDING</b>	<b>\$8,374,538</b>	<b>\$6,919,433</b>

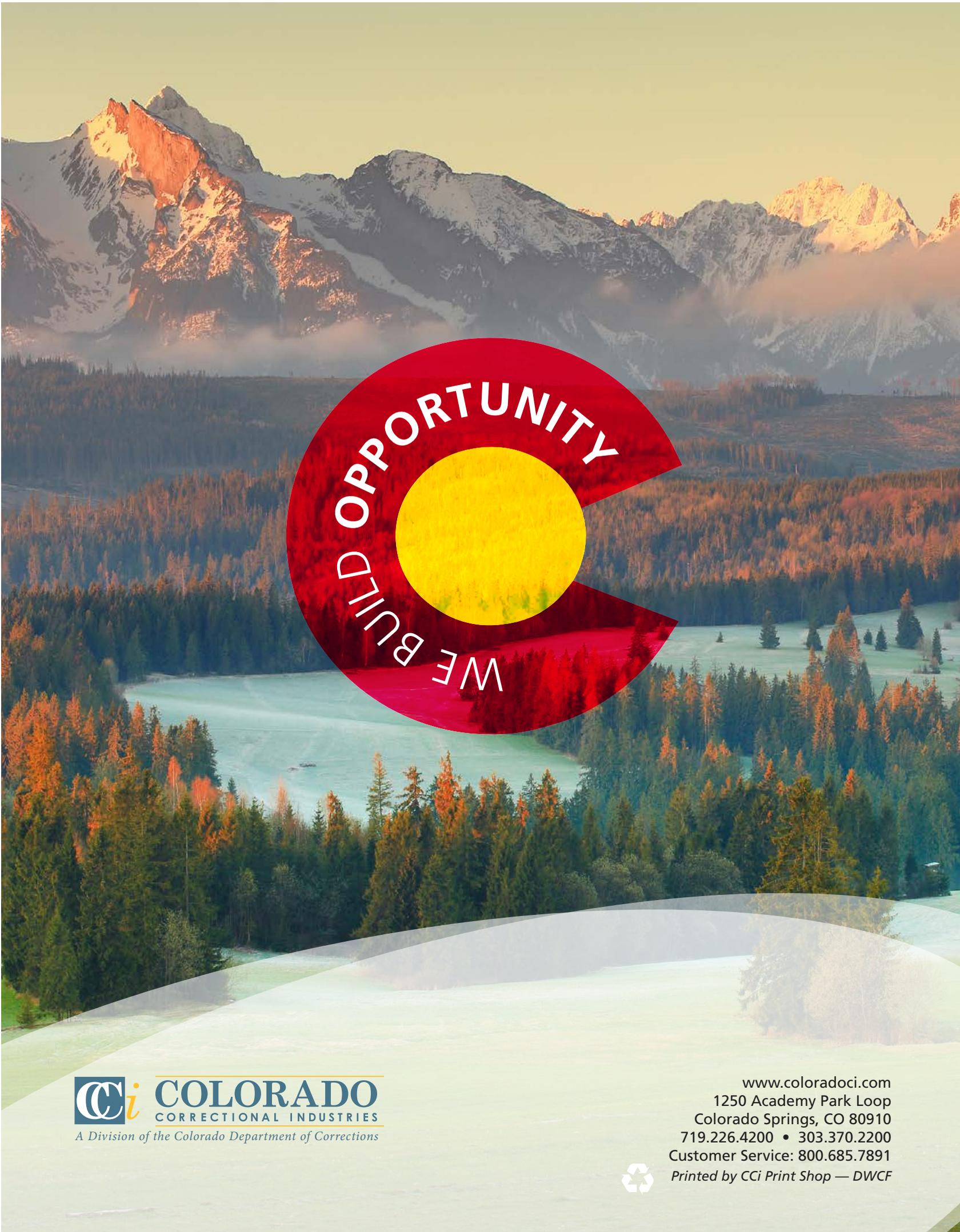
CANTEEN ENTERPRISE FUND STATEMENT OF CASH FLOWS	6/30/17	6/30/16
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Sales of Canteen items and Similar Activities	\$18,989,828	\$17,658,892
Commissions from Offender Phone System	0	461,399
Other Revenues	839,153	766,753
Employees	(2,154,102)	(2,152,494)
Suppliers	(14,469,770)	(14,445,980)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$3,205,109</b>	<b>\$2,288,570</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Offender Benefits	(\$1,378,435)	(\$1,363,524)
Transfers-Out to the General Fund	(78,870)	(85,741)
<b>NET CASH (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>(\$1,457,305)</b>	<b>(\$1,449,265)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchases of Capital Assets	\$0	(\$27,296)
<b>NET CASH (USED) BY CAPITAL RELATED FINANCING ACTIVITIES</b>	<b>\$0</b>	<b>(\$27,296)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest and Dividends on Investments	\$92,250	\$63,972
Increase (Decrease) from Unrealized Gain (Loss) on Investments	(43,413)	23,104
<b>NET CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</b>	<b>\$48,837</b>	<b>\$87,076</b>
<b>NET INCREASE (DECREASE) IN CASH AND POOLED CASH</b>	<b>\$1,796,641</b>	<b>\$899,085</b>
<b>CASH AND POOLED CASH , FISCAL YEAR BEGINNING</b>	<b>\$5,390,657</b>	<b>\$4,491,572</b>
<b>CASH AND POOLED CASH, FISCAL YEAR END</b>	<b>\$7,187,298</b>	<b>\$5,390,657</b>
<b>RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Net Operating	\$2,863,573	\$2,360,246
Adjustments to Reconcile Net Operating (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	106,052	110,405
Compensated Absences	29,899	(36,990)
Net Changes in Assets and Liabilities Related to Operating Activities:		
(Increase) Decrease in Operating Receivables	(8,486)	213,221
(Increase) Decrease in Inventories	(36,292)	(104,201)
Increase (Decrease) in Accounts Payable	250,363	(254,111)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$3,205,109</b>	<b>\$2,288,570</b>

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